



REPORT HIGHLIGHTS

Report 2004-01

OFFICE OF CITY AUDITOR – SEATTLE

January , 2004

A copy of the Office of City Auditor's full report regarding the Construction Project Closeout Process can be obtained at the Auditor's website at <http://seattle.gov/audit> or by calling (206) 233-3801. Please direct any questions or comments regarding this report, or suggestions for future audits to Susan Cohen, Seattle City Auditor, at (206) 233-3801 or susan.cohen@seattle.gov.

IMPROVING THE CITY'S CONSTRUCTION PROJECT CLOSEOUT PROCESS

AUDIT OBJECTIVES

As part of a review of the City's management of construction projects, the Office of City Auditor reviewed in detail the closeout process for construction projects managed by Seattle Public Utilities to determine if adequate policies and procedures are in place, and to determine whether closeout practices are effective.

RECOMMENDATIONS

Some departments need to establish written policies and procedures governing construction project management.

Improve consistency in conducting post-construction evaluations.

Provide for training the project end user in the use of new or unfamiliar technology.

Inspect built infrastructure before the warranty expires to take advantage of warranty provisions.

SUGGESTIONS FOR FINE-TUNING THE CLOSEOUT PROCESS

This review focused on management of the project closeout process for projects managed by Seattle Public Utilities. The closeout phase of a project must be managed well to ensure that a project is completed to the satisfaction of the owner or end user of the project, that all legal and contractual obligations are fulfilled before releasing final payment to the contractor, and that the transition from the construction phase to the user is as trouble-free as possible.

Seattle Public Utilities managed \$27.7 million dollars in construction projects - 43% of City projects closed out in 2003.



We found that Seattle Public Utilities Engineering Services Branch has established sound policies and procedures for closing out construction projects. However, some end users of construction projects - the Seattle Department of Transportation and two branches within City Light - who also have responsibilities in the closeout phase, do not have written policies and procedures that clarify essential tasks and responsibilities.

While Seattle Public Utilities' procedures manual is generally very comprehensive, we found that it was missing two elements found in many construction management manuals: provision for training of the end user in new or unfamiliar technology installed as part of the project, and a process for follow-up inspection prior to the warranties expiring to identify any problems that might be remedied through the warranty process, potentially saving the City money.

We also found that post-construction evaluations, a responsibility assigned to the end user's project manager, were only conducted in 18% of closeouts.